



OFFICE OF INSPECTOR GENERAL

Thomas J. Dagley
Inspector General

MEMORANDUM

May 7, 2008

TO: Mike Knapp, President, County Council
Timothy F. Firestine, Chief Administrative Officer

FROM: Thomas J. Dagley
Inspector General

SUBJECT: Review of County's Management of Contract to "Prep" New Public
Safety and Other Vehicles

The purpose of this memorandum is to advise you the Office of Inspector General (OIG) plans to conduct a review of the County's management of Contract #0507000009-AA, Automotive Vehicle Maintenance Services, used by the Fleet Management Services Division, Department of Public Works and Transportation (DPWT) for new County vehicle inspections, cleaning, installation of decals, license tags, and the installation of special equipment for public safety vehicles.

The review will be conducted to assess compliance with contract provisions and the appropriateness of payments from mid-2006 through early 2008. Total payments made under the contract from July 1, 2006 through December 31, 2007 were about \$8.5 million, including payments for vehicle maintenance services other than preparation. It is our understanding that this contract was reviewed by the Chief, Internal Audit, Department of Finance, for the first year of operation (2001) but has not received a performance audit or other independent review in recent years.

The decision to conduct a review of the contract is based, in part, on our validation of an anonymous tip in early 2008 alleging a significant backlog of new public safety and other County vehicles needing preparation prior to being placed into service. We found that the number had grown from about 40 in October 2007 to more than 130 with a total purchase value of about \$2.7 million in February 2008. The results of our initial review, including the following table, were reported to the Director, DPWT on March 28, 2008:



**Monthly Analysis of Vehicles Received, Placed in Service, and Remaining Inventory
From October 2007 through February 2008**

<u>Month</u>	<u># of Vehicles Delivered</u>	<u># of Vehicles Placed in Service</u>	<u>Monthly Ending Balance of # of Vehicles Remaining to be Placed in Service</u>
Oct. 2007	45	0	45
Nov. 2007	11	2	54
Dec. 2007	35	1	88
Jan. 2008	48	3	133
Feb. 2008	<u>4</u>	<u>6</u>	131
Total	143	12	

In the Director's responses, dated April 30 and May 7, 2008, he confirmed the backlog reported in our March 28 memorandum. He also advised that a primary cause of the backlog involved changes to the contractor's performance standards that were verbally approved several years ago by the former Division Chief but not formally amended in the contract until April 17, 2008, after issuance of our report and the current Division Chief realizing the contract had never been amended. The Director advised that at a Contract Review Committee hearing on April 17, the contract was amended to increase funding (by \$67,976) to allow the contractor to increase its complement of automotive mechanic technicians. In his May 7 response, the Director reported that all of the 131 vehicles in the February 2008 backlog had been prepped and action steps were in place to ensure that a backlog does not occur in the future.

Our review will evaluate management controls and compliance with provisions of the automotive vehicle maintenance services contract for the period leading up to and including the backlog of new vehicles. Our review will examine certain cost data, new vehicle records, and other relevant information prepared or used by DPWT, the Office of Procurement, or Department of Finance to approve vehicle prep services and related payments. Another objective is to clarify why changes in performance standards were not incorporated into the County's optional one-year contract extensions. Further, we will examine whether informal (verbal) changes to the contractor's performance standards impacted the County's approval of invoices or the calculation of any contract incentive or reduction payments for exceeding or failing to meet standards.

We anticipate the review will take about 60 days to complete, at which time the results will be reported to you in writing.

Re: #08-34

cc: Council Members
Kathleen Boucher
Directors, DPWT and Office of Procurement